PASTURES REVOLVING FUND
(formerly the CONSERVATION AND DEVELOPMENT REVOLVING FUND)

FINANCIAL STATEMENTS

For the Year Ended March 31, 2001

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Pastures Revolving Fund as at March 31, 2001 and the statements of operations and accumulated operating deficit, and changes in accumulated net expenditure for the year then ended. The Revolving Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
June 5, 2001

Statement 1

PASTURES REVOLVING FUND
BALANCE SHEET
As at March 31

	2001	2000
ASSETS		
Current assets:		
Accounts receivable	$ 308,462	$ 268,490
Inventory	280,572	414,380
	589,034	682,870
Capital assets (Note 5)	2,152,424	2,314,187
	$ 2,741,458	$ 2,997,057
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 272,686	$ 186,032
Unearned revenue	19,700	16,682
	292,386	202,714
Non-current liabilities:		
Accumulated net expenditure (Statement 3)	3,178,422	3,591,327
	3,470,808	3,794,041
Equity:		
Accumulated operating deficit (Statement 2)	(729,350)	(796,984)
	$ 2,741,458	$ 2,997,057

(See accompanying notes to the financial statements)

PASTURES REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING DEFICIT
For the Year Ended March 31

	Budget 2001 (Note 6)	Actual 2001	Actual 2000
REVENUES			
Grazing	$ 4,790,000	$ 4,900,642	$ 4,806,242
Bull wintering	350,000	403,019	355,068
Cow wintering	250,000	148,745	158,092
House rent	70,000	62,522	68,700
Well site and roadway easements	50,000	687,294	43,300
Seismic easement	30,000	18,223	20,562
Hay	15,000	30,356	7,493
Backgrounding	85,000	40,621	22,907
Gain on disposal of capital assets	—	18,703	2,156
Other	—	8,395	5,123
	5,640,000	6,318,520	5,489,643
EXPENSES			
Salaries	2,794,905	2,753,204	2,687,285
Taxes	815,670	786,187	799,273
Repairs and improvements	542,837	521,818	760,804
Rental of equipment, horses and other	340,000	390,095	370,549
Travel	275,516	273,512	267,314
Amortization	250,000	290,302	265,636
Seed and forage	200,000	506,587	257,896
Small tools, equipment and supplies	130,985	158,709	161,254
Utilities	114,950	135,945	108,884
Veterinary fees and supplies	95,518	112,274	93,471
Telephone	89,875	91,201	87,320
Freight and postage	17,042	41,393	17,630
Advertising and printing	16,547	5,781	5,830
Bad debt expense	—	19,421	1,551
(Recovery) decline in inventory	—	—	(268)
Other	45,555	261,441	43,033
	5,729,400	6,347,870	5,927,462
Net loss (Note 8)	(89,400)	(29,350)	(437,819)
Accumulated operating deficit, beginning of year	(796,984)	(796,984)	(359,165)
Transfer from General Revenue Fund (Note 4)	—	96,984	—
Accumulated operating deficit, end of year – to Statement 1	$ (886,384)	(729,350)	$ (796,984)

(See accompanying notes to the financial statements)

PASTURES REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE
For the Year Ended March 31

	2001	2000
Financing required for (provided by) operating activities:		
Net loss	$ 29,350	$ 437,819
Items not affecting working capital:		
Amortization	(290,302)	(265,636)
Bad debt expense	(19,421)	(1,551)
Gain on disposal of capital assets	18,703	2,156
Net increase in working capital items related to operations (Note 10)	(164,087)	113,898
	(425,757)	286,686
Financing required for (provided by) investing activities:		
Purchase of capital assets	138,448	449,132
Proceeds from sale of capital assets	(28,612)	(8,823)
	109,836	440,309
Financing required for (provided by) financing activities:		
Payment from General Revenue Fund	(96,984)	—
Net (decrease) increase in financing requirements	(412,905)	726,995
Accumulated net expenditure, beginning of year	3,591,327	2,864,332
Accumulated net expenditure, end of year – to Statement 1	$ 3,178,422	$ 3,591,327

(See accompanying notes to the financial statements)

PASTURES REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2001

1. Authority and Definition

The Pastures Revolving Fund is continued under *The Pastures Act*, effective August 1, 2000. The Revolving Fund was formerly called the Conservation and Development Revolving Fund. The Revolving Fund provides for the establishment, operation, management and maintenance of pastures, programs and services related to pasture and livestock management, programs related to developing, protecting or promoting the environmental, social, or economic use of pastures.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. These statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 10. The following policies are considered significant:

a) Net Expenditure (Recovery)

The net expenditure (recovery) is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes, and net cash flows from operations.

b) Accumulated Net Expenditure (Recovery)

The accumulated net expenditure (recovery) includes the following:

i) the net expenditure (recovery) for each fiscal year; and
ii) the book value of assets acquired (disposed of) at no charge from (to) another government agency.

c) Inventory

Inventory is valued at the lower of cost and net realizable value. Inventory consists of repair parts, livestock feed, minerals and fencing supplies.

d) Capital Assets and Amortization

Capital assets are recorded at cost net of accumulated amortization. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated operating deficit. Amortization of all capital assets is charged to operations using the straight-line method at the following rates:

Fencing and corrals	10%
Water sites	5%
Buildings	5%
Equipment	10%
Office equipment	25%
Land improvements	10%

Assets acquired or disposed of by the Revolving Fund during the year are amortized at 50% of the above rates for the year of acquisition and disposal.

e) Unearned Revenue

Unearned revenue consists of grazing revenue that will be earned in future periods. These amounts are included in income when the revenue is earned.

3. Authorized Financing

Subsection 16(11) of *The Department of Agriculture Act* provided for a maximum accumulated net expenditure, which may at any time be outstanding to be set by Order of the Lieutenant Governor in Council. Order in Council 1859/83 established a maximum accumulated net expenditure of $10,000,000.

4. Accumulated Operating Surplus (Deficit)

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. The limit for the Pastures Revolving Fund is $700,000.

5. Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Fencing and corrals	$ 663,110	$ 263,332	$ 399,778	$ 452,826
Water sites	436,509	78,315	358,194	327,782
Equipment	1,439,734	538,082	901,652	938,839
Buildings	312,991	68,864	244,127	299,466
Office equipment	89,889	56,144	33,745	56,202
Land improvements	257,187	42,259	214,928	239,072
Total	$ 3,199,420	$ 1,046,996	$ 2,152,424	$2,314,187

6. Budget

Treasury Board approves the Revolving Fund's budget annually.

7. Related Party Transactions

Included in these financial statements are the following transactions with Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Revolving Fund by virtue of common control or significant influence by the Government of Saskatchewan.

The Revolving Fund purchased utility and communication services of $196,454 (2000 – $186,583) from SaskPower, SaskEnergy and SaskTel and purchased vehicle rentals, insurance and supplies of $122,982 (2000 - $185,054) from Saskatchewan Property Management Corporation and Saskatchewan Government Insurance. These transactions are in the normal course of operations and are recorded at the standard rates charged by these corporations.

The Revolving Fund paid employee benefits of $171,271 (2000 - $157,028) to Public Service Superannuation Fund, Public Employees Superannuation Fund, Public Employees Disability Income Fund and Public Employees Group Life Insurance Fund.

The Revolving Fund receives use of Crown land, office space and administrative services from the Department of Agriculture and Food without charge. In addition, the Revolving Fund pays provincial sales tax to the Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

As at March 31, 2001, $21,060 (2000 - $20,291) was due to Government agencies as a result of the transactions referred to above.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

8. Amount Reported in Public Accounts

The net (expenditure) recovery of the Revolving Fund reported in the Public Accounts is the net (loss) income of the Revolving Fund adjusted for the following differences between the Revolving Fund and the General Revenue Fund:

	2001	2000
Net loss	$ (29,350)	$ (437,819)
Payment from General Revenue Fund	96,984	—
Decrease (increase) in inventory balance recorded by the Revolving Fund	133,808	(47,897)
Decrease (increase) in net capital assets recorded by the Revolving Fund	161,763	(176,829)
Timing differences in recording revenue/payments	(27,624)	(27,608)
Net recovery (expenditure) reported in the Public Accounts	$ 335,581	$ (690,153)

9. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that affect the amount, timing and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. The total of the receivables is $377,128 at March 31, 2001 with an allowance for doubtful accounts of $68,666. Some of the receivables were received shortly after year end reducing the credit risk.

c) Receivables/Payables

These financial instruments are non-interest-bearing and are due or payable within one year. Due to this short-term maturity, the carrying value of these financial instruments approximates their fair value.

10. Net Change in Working Capital Items Related to Operations

	2001	2000
Working capital changes:		
Increase (decrease) in accounts receivable	$ 59,393	$ (7,430)
(Decrease) increase in inventory	(133,808)	47,897
(Increase) decrease in accounts payable	(86,654)	61,619
(Increase) decrease in unearned revenue	(3,018)	11,812
	$ (164,087)	$ 113,898

11. Commitments on Leased Farm Equipment

As of March 31, 2001, the Fund is committed to future lease payments of:

2001/02	$78,960
2002/03	$52,155
2003/04	$31,801